



The essential importance of equity

As long as some in the state are allowed to access much higher levels of our common resources than others, the commitment to the common good is vacated and the resulting diminished dedication to our common cause fails us, one and all. **By Paul Colbert**

Many in Texas do not understand why equity is so important, including residents of districts that would benefit from an equitable system.

Essentially, there are two fundamental aspects of school finance equity—equity for taxpayers and equity for students. Each is crucial to a school finance system that is fair for all Texans.

The story told in the table illustrates the difficulty presented by Texas' overreliance on property taxes to fund public education. The property-poor district (PISD) is one of over 100 districts with taxable values at or below \$100,000 per student. The property-wealthy district (WISD) is one of more than 60 districts with taxable values at

or above \$1 million per student.

PISD can set its maintenance and operations (M&O) tax rate at the maximum \$1.17 and will raise only about 15 percent of the amount WISD can raise at \$0.80. Plus, WISD has access to nearly \$4,000 per student more with its \$0.37 of remaining capacity; PISD has none. Clearly, without substantial state aid, there can be no decent education program in the vast majority of Texas communities.

EQUITY FOR TAXPAYERS

Deservedly, we laud the original Edgewood I decision as the basis for educational equity in Texas. In essence, the Texas Supreme Court ruled unanimously that:

- 1) Texas' Constitution made funding an "efficient" system the duty of the Legislature.
- 2) To be efficient, funding must be equitable.
- 3) Pure equity is "equal yield for equal effort," that is, a penny of tax effort provides the same revenue per student (after permissible adjustments for student and district cost differences).

Note the focus on ensuring that taxpayers' similar efforts have similar results. Additionally, taxpayer equity is imbedded in state law. State policy—Sec. 42.001(b) of the Education Code—says, "The public school finance system of this state shall adhere to a standard of neutrality that provides for substantially equal access to similar revenue

per student at similar tax effort." One purpose of the Foundation School Program—Sec. 42.002(b)—is to provide "substantially equal access to funds to provide an enriched program." "Equal access" is another way of saying "equal yield for equal effort."

Why taxpayer equity is important: Under the current system, the PISD in our example might receive enough state aid to reach a total of \$5,600/pupil (some receive less than that), or only about 70 percent of what the WISD would raise, despite having a tax rate nearly 50 percent higher than the wealthy district—a far cry from "similar revenue for similar effort."

The economic impact of these factors is significant. If a company is looking to move to or expand operations in that county, it will surely choose the district with the low tax rate that can also provide smaller class sizes and a greater ability to hire the best teachers for the children of its employees.

The Supreme Court observed that this could cause a death spiral for the poorer district as more and more of the property wealth concentrates in its low-tax, high-yield neighbor. It would cost the state additional money to prop up the districts with the declining tax bases as more of the state's property wealth shifts to low-tax-rate districts, which the Court found to be "inefficient."

Economically, state policy that allows large portions of the state to wither is extremely shortsighted.

EQUITY FOR STUDENTS

In Edgewood I, the Court recognized that providing exactly equal money per child might not provide equal educational results and permitted differences in funding meant to recognize student and district cost differences that are beyond the district's ability to correct.

District	Taxable Value Per Student	M&O Tax Rate	Local Revenue Per Student	Pennies of M&O Tax Rate Left
Property Wealthy (WISD)	\$1 million	\$0.80	\$8,000	37
Property Poor (PISD)	\$100,000	\$1.17	\$1,170	0

The Legislature went even further, in words if not in deeds. In Sec. 1.002 (Equal Educational Services or Opportunities) of the Education Code, it requires that "An educational institution...shall provide equal opportunities to all individuals within its jurisdiction or geographical boundaries." The State Policy further states that "each student enrolled in the public school system shall have access to programs and services that are appropriate to the student's educational needs and that are substantially equal to those available to any similar student." The first purpose of the Foundation School Program is "to provide each eligible student a basic instructional program and facilities suitable to the student's educational needs," implying that different students may have different needs that should be recognized.

The importance of student equity has been recognized in law; actually providing for it has been the problem.

Why student equity is important: There are fewer and fewer jobs for students with only a "basic" education. The economy of the entire state depends on significantly increasing the knowledge and skills of a much greater percentage of students than required in the past. Money spent now generates higher future revenue and lower future costs to state government. It creates a healthier economy that provides greater overall wealth. A piece of a big pie is a bigger piece.

Failure to provide for student equity also has a negative impact in a system

that permits significant taxpayer inequity. Without state assistance, PISD with the \$10 yield per penny per student requires 10 additional pennies of effort to provide for each \$100 of ignored cost differences. The wealthy district can cover the cost with a single penny.

WHY IS EQUITY SO IMPORTANT?

The number one reason equity is so important is quite simple. As the writers of our State Constitution recognized, educating the general population must be a function of the state because without a "general diffusion of knowledge," our system of government, economy and way of life fail.

When everyone has an "equal" interest in the education of everyone, the commitment to use our common resources for the good of all will prevail. As long as some in the state are allowed to access much higher levels of our common resources than others, the commitment to the common good is vacated and the resulting diminished dedication to our common cause fails us, one and all.

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